

Re: Taxing Intelligence/Talent (was: 'Waterhole' and land rents)

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 - *Date:* Tue, 23 Jan 2007 15:03:11 -0000
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"Dan in Philly" <[dj8@xxxxxxxx](mailto:djr8@xxxxxxxx)> wrote in message
[news:TVdth.146323\\$%15.144489@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx](mailto:news:TVdth.146323$%15.144489@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx)

S. Doo:

Determining the amount of that rent is simple too: Just keep telling him "You're fired unless you take pay cut of \$X". As long as he says "OK, then I'll take it", then you say it again. When he says "Damn, that's too little, I quit", you give him back the minimum pay he accepted.

Except that workers will quickly catch on to this (remember, the government is taxing away the 'rent' so it's being done nationwide). So a worker can lie about his minimum wage.

The question is: can we tax away the extra income of that smart person without affecting anything.

Not unless you can identify the wage effect of intelligence alone among all those other factors, on a person-by-person basis, which you can't.

You don't have to get it exactly. Just like with land: an LVT must estimate the price of an undeveloped piece of land in a certain area, even if there have been no sales of undeveloped land for years.

royls:

IOW, we have to redefine rent in such a way that all wages over subsistence can be deemed just as unearned as land rent

Re: Taxing Intelligence/Talent (was: 'Waterhole' and land rents)

I was wondering if an intelligence tax would leave after-tax income at subsistence. It might be even worse than that: a raw piece of land at least has value (eg a plot in a city) as a place, and can be improved. It's hard to see what a 'minimum' undeveloped person would be. Retarded? Human statue? That would have zero value. Plus you can't easily improve a brain-dead person into a high-wage worker.

and the fact
that the worker is making a contribution to production in return for his wages and the landowner isn't making any contribution in return for the land rent is defined as irrelevant.

I'm perfectly willing to exclude income attributed to work _effort_. Maybe we should say that each hour of labor has an 'actual' worth of \$10 and that anything over that is 'rent.'

Of course, that actual minimum worth depends on how yucky the job is. I'd continue my cushy desk job at \$9 per hour rather than clean toilets for \$10 per hour.

So: jobs designated as _cushy_ have an excluded wage of \$9, and anything over that is taken by the government; jobs designated as _really_yucky_ have an excluded wage of (guessing here) \$12 per hour and the rest is taxed away. Would that change actual output?

What's cushy for one person might be hard work for someone else. You might have someone who's quite happy cleaning toilets but hates the idea of sitting at a desk all day.

Apart from the problems with measuring – or even defining– 'labor rent', another objection to an intelligence tax is that it would violate people's liberty.

If you don't want to pay a property tax, you can sell the property or just walk away from it. But you can't walk away from your IQ.

Say you've got a baseball player earning \$1 million, and it's decided that 90% of this is rent. So his intelligence tax will be \$900,000. Now he's forced to play baseball whether he likes it or not, because otherwise he (presumably) goes to jail for non-payment. So effectively you'd be making people into slaves.